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INFO RUEHBJ/AMEMBASSY BEIJING IMMEDIATE 1641  
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RUEHUL/AMEMBASSY SEOUL IMMEDIATE 8298  
RUEHFK/AMCONSUL FUKUOKA IMMEDIATE 7172  
RUEHHK/AMCONSUL HONG KONG IMMEDIATE 6878  
RUEHNAG/AMCONSUL NAGOYA IMMEDIATE 4417  
RUEHNH/AMCONSUL NAHA IMMEDIATE 9528  
RUEHOK/AMCONSUL OSAKA KOBE IMMEDIATE 0990  
RUEHKSO/AMCONSUL SAPPORO IMMEDIATE 7684  
RUEHGH/AMCONSUL SHANGHAI IMMEDIATE 0640  
RUEHC/DEPT OF LABOR WASHINGTON DC IMMEDIATE  
RUEHIN/AIT TAIPEI IMMEDIATE 7518  
RUEHBS/USEU BRUSSELS IMMEDIATE  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC IMMEDIATE  
RUEATRS/TREASURY DEPT WASHDC IMMEDIATE  
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NSC FOR LOI, RUSSELL  
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SUBJECT: JAPAN'S UNEMPLOYMENT RATE IMPROVES

¶1. SUMMARY. September saw Japan's unemployment rate improve from 5.5 percent to 5.3 percent. Japan uses a slightly different method than the United States to calculate unemployment. Also, the Hatoyama Administration announced an emergency measure that aims to create 100,000 new jobs by March 2014. END SUMMARY.

UNEMPLOYMENT RATE BEATS PREDICTIONS THAT IT WOULD WORSEN  
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¶2. On October 30, Japan's Ministry of Internal Affairs and Communication announced unemployment had improved from 5.5 percent in August to 5.3 percent in September. This marks the second month of improvement coming after July figures hit 5.7 percent, the highest level since such surveys began in 1953. Unemployment for men fell 0.2 percent to 5.6 percent, and for women it fell 0.1 percent to 4.9 percent. The same day, the Ministry of Health, Labor, and Welfare (MHLW) announced that the job-to-applicants ratio also improved 0.01 from the previous two months worst ever figure of 0.42 to 0.43, meaning 43 jobs were available for every 100 job seekers. MHLW also reported the number of job offers increased 1.5 percent, marking the strongest growth since March 2005, and the number of job seekers fell 1.6 percent, the first drop since April 2008. Deputy Prime Minister Naoto Kan welcomed the numbers at a press conference and said that the overall economy was on a recovery trend, but he did express some concerns about deflationary pressure.

¶3. The improvement in the unemployment rate beats the predictions from both the Kyodo News and Nikkei economists surveys, which predicted unemployment would increase to 5.6 percent in September. Secretary General Hiroyuki Nagumo of the Japan Trade Union Confederation (Rengo), Japan's largest labor organization, predicted in a statement on October 23 that Japan was likely to pass the 6 percent level for unemployment. Reason for caution remains, however, as MIC reports the number of employed persons continued to decline for the 20th straight month, down 1.5 percent (980,000 persons) to 62.95 million compared to September 2008. The number of unemployed rose for the eleventh straight month, up 33.9 percent (920,000 persons) to 3.63 million since last

September. Laid off employees accounted for 1.13 million of the total unemployed, a rise of 510,000 for the same period.

#### DIFFERENCES BETWEEN U.S. AND JAPAN UNEMPLOMENT CALCULATION

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¶4. Japan calculates its unemployment in a slightly different manner than the United States. According to the "Data Book of International Labor Statistics 2009," published by the Japan Institute for Labour Policy and Training (JILPT), both Japan and the United States follow the basic standards and definitions set by the International Labor Organization (ILO). The ILO defines "unemployed" as "all persons over a certain age who are, during a set period of time, 1) not working, 2) are currently capable of working, and 3) are searching for jobs." Substantial flexibility is allowed, however, to each country in defining these conditions, which makes uniform comparison difficult.

¶5. Unemployment in Japan is based on the "Labor Force Survey," and persons aged 15 and over who were not working, were capable of immediately accepting work, and had been seeking work during the survey week are considered unemployed. Those awaiting results from past job searches are also counted as unemployed. The unemployment rate is then calculated by dividing the number of unemployed by the total labor force, which, unlike in the United States, includes military personnel (members of the Japan Self Defence Forces).

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¶6. For comparison purposes, the JILPT estimates that the 2008 official unemployment rate for Japan of 4 percent would be 3.4 percent if U.S. definitions and calculation methods were employed. The OECD, which conducts an international comparison of unemployment rates using harmonized ILO standards, calculated August 2009 unemployment rates at 9.7 percent for the United States and 5.5 percent for Japan. The OECD calculations match the announced U.S. and Japanese government figures for August.

#### GOJ PACKAGE TO INCREASE EMPLOYMENT

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¶7. On October 23, the Hatoyama Administration announced a package that aims to create 100,000 jobs by March 2010. The measures focus on increasing employment in areas with growth potential, such as nursing care, agriculture, tourism, and the environment. Funds will go to bolster the popular Hello Work public job-placement centers that provide advice on employment and job training. The package also contains provisions to provide emergency lodging and loans with easy terms to the unemployed.

¶8. Some in the media have criticized the plan for not providing specific targets for creating new jobs in each of the designated industries. There are also complaints that the package is insufficient. Financing for the program comes from the previous Liberal Democratic Party's budget, and the current Democratic Party of Japan administration has no plans to spend any new money on the programs.

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